

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6422

BILL NUMBER: HB 1423

NOTE PREPARED: Jan 28, 2014

BILL AMENDED: Jan 28, 2014

SUBJECT: Private Generation Projects.

FIRST AUTHOR: Rep. Koch

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that the electric utility may recover the purchase price through a fuel adjustment charge. It requires an electric utility to provide, upon request, back up, maintenance, and supplementary power to a private generation project.

Effective Date: July 1, 2014.

Explanation of State Expenditures: *State and Local Government Utility Expenditures:* To the extent that utility rates are affected by this bill, utility expenditures for state and local governments would be impacted. The overall impact on utility expenditures is indeterminable.

Explanation of State Revenues: *Utility Rates:* Potential impacts on utility rates as a result of this bill are indeterminable and will depend upon the extent that owners of private generation projects (cogeneration facilities with electric generating capacity of 80 megawatts or more) sell excess electric output generated by the project to an electric utility. The bill requires the electric utility to provide, upon request, back up, maintenance, and supplementary power to a private generation project. The bill also allows electric utilities to recover the purchase price through a fuel adjustment charge.

To the extent that utility rates are affected, there could be an impact on Utility Receipts Tax (URT), Utility Services Use Tax (USUT), and Sales Tax collections. The rate for both the URT and USUT is 1.4%. The URT is calculated on the gross receipts of all entities providing the retail sale of utility services in Indiana. The USUT is imposed on the retail consumption of utility services in Indiana. Both the URT and USUT are deposited in the state General Fund. Sales tax revenue is deposited in the state General Fund (98.848%), the Motor Vehicle Highway Account (1%), the Commuter Rail Service Fund (0.123%), and the Industrial Rail

Service Fund (0.029%).

Explanation of Local Expenditures: See *Explanation of State Expenditures*.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources:

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